

PORT OF PORT TOWNSEND
Jefferson County, Washington
January 1, 1990 Through December 31, 1991

Schedule Of Findings

1. The Port Should Prepare And Submit Timely Annual Financial Reports

The port's 1991 and 1990 annual reports were not prepared and submitted to the State Auditor's Office until December 1992.

RCW 43.09.230 states:

The state auditor shall require from every taxing district and other political subdivisions financial reports covering the full period of each year, in accordance with the forms and methods prescribed by the state auditor, which shall be uniform for all accounts of the same class. Such reports shall be prepared, certified, and filed with the division within one hundred fifty days after the close of each fiscal year. (Emphasis added.)

In addition, the port received over \$100,000 in federal financial assistance and was required to have their annual report audited in accordance with the Office of Management and Budget (OMB) Circular A-128 and submitted within 13 months after the end of the fiscal year. This audit cannot be conducted without the required financial statements.

Port officials have a statutory and fiduciary duty to inform the public and other interested parties of its financial condition and activity.

Without timely financial reporting, the public is not informed of the financial activity and status of the port, and the port may jeopardize its eligibility for future federal funding.

The financial reports were issued late because the port did not provide and direct adequate resources to ensure that the necessary internal accounting controls were in place for the proper preparation of its financial reports.

We recommend that the port officials ensure the timely preparation and filing of its annual report in accordance with statutory requirements.

2. The Port Should Monitor Construction Contracts To Ensure Payment Of Prevailing Wage Rates

The port did not obtain Statements of Intent to Pay Prevailing Wages or Affidavits of Prevailing Wages Paid before releasing payments to contractors for dock repairs and for ballasting of boat storage areas. The dock repairs were partially funded by a grant from the Federal Emergency Management Agency. These affidavits were required to ensure the contractors complied with federal and state requirements to pay employees the prevailing wage rate on publicly financed contracts.

According to the federal requirements of the Davis-Bacon Act, all laborers and mechanics employed by contractors and subcontractors to work on construction projects financed by federal assistance must be paid wages not less than those established for the locality of the project by the Secretary of Labor.

RCW 39.12.040 states:

Before payment is made . . . on account of a public works contract . . . the contractor or subcontractor to submit to such officer a Statement of Intent to Pay Prevailing Wages.

RCW 39.12.040 also states:

Following the final acceptance of a public works project, it shall be the duty of the officer charged with the disbursement of public funds, to require the contractor and each and every subcontractor to submit to such officer an "Affidavit of Wages Paid" before the funds retained according to the provisions of RCW 60.28.010 are released to the contractor.

The requirement for the affidavits is intended as a means of assuring compliance with federal and state laws for the payment of prevailing wages so that laborers receive the compensation that is due them. Apparently, the project manager was not aware of these requirements.

We recommend the port monitor all future public works contracts to ensure compliance with federal and state prevailing wage requirements.